

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

2014
Benefits
@
Work
Conference

Retirement Updates

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Defined Contribution Unit
South Carolina Optional Retirement Program
South Carolina Deferred Compensation Program

Reneé M. Dash

2014 Benefits at Work Conference

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Who Are We?

- Defined Contribution Unit
- Defined Contribution vs. Defined Benefit

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Primary Retirement Plans

SCRS

Defined Benefit Plan

Option 1

State ORP

Defined Contribution Plan

Option 2

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

South Carolina Retirement System (SCRS)

401(a) Defined Benefit Plan

- Plan bears investment risk
- Provides lifetime income benefit, based on statutory formula
- Eligible for a refund of employee (not employer) contributions upon termination of employment

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

State Optional Retirement Program (State ORP)

401(a) Defined Contribution Plan

- Individual bears investment risk
- Fully vested immediately (employee and employer contributions)
- Retirement benefit based on performance of individual investments
- Retirement income determined by participant
- Retirement income ends when account balance is exhausted
- May join SCRS during any open enrollment period after the first anniversary but before the fifth anniversary of the initial enrollment in the State ORP.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Voluntary Retirement Plans

401(k) Plan
S. C. Deferred Compensation Program

SCRS
Defined Benefit Plan
Option 1

State ORP
Defined Contribution Plan
Option 2

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

S. C. Deferred Compensation Program
401(k) Defined Contribution Plan

- Maximum contribution this year (up to age 50): \$17,500
- Age 50+ Catch-Up contribution this year: \$5,500
- In-service distributions allowed at age 59 ½
- Rollovers allowed from other qualified plans, including Teacher and Employee Retention Incentive (TERI) Program, State ORP, and IRA balances
- In-service transfers allowed to purchase service credit
- Loans available
- Saver's Tax Credit qualification
- Financial hardship withdrawals

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Voluntary Retirement Plans

457(b) Plan
S. C. Deferred Compensation Program

401(k) Plan
S. C. Deferred Compensation Program

SCRS
Defined Benefit Plan
Option 1

State ORP
Defined Contribution Plan
Option 2

3

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

S. C. Deferred Compensation Program

457(b) Defined Contribution Plan

- Maximum contribution this year (up to age 50): \$17,500
- Special 457(b) Catch-Up or age 50+ Catch-Up contributions
- No penalty on distributions prior to age 59 ½ (separation from service required)
- In-service transfers allowed to purchase service credit
- Loans available
- Saver's Tax Credit qualification
- Unforeseeable emergency withdrawals

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Employer Education

- Training
- Educational materials
- Webinars
- Avoid audit findings
- Gain knowledge to inform employees of options

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Retirement Readiness

- Employee education and awareness
- Employee trust

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Questions and Comments

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Disability Retirement Update

Act 278 and Act 69

Shawn Holman

2014 Benefits at Work Conference

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

SCRS Disability Retirement Benefit*

- **Eligibility**
 - Must have the earned service necessary for service retirement unless the disability is the result of an on-the-job injury
 - Must be approved for disability benefits from the federal Social Security Administration
- **Benefit**
 - Based only upon the member's service credit and average final compensation as of the date of disability retirement

*For applications received after December 31, 2013

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

SCRS Disability Retirement Benefit*

- Continuing Review
 - If approved, must provide evidence of continued receipt of Social Security disability benefits to PEBA each year until age 65
 - Also subject to disability retiree earnings limitation

*For applications received after December 31, 2013

South Carolina

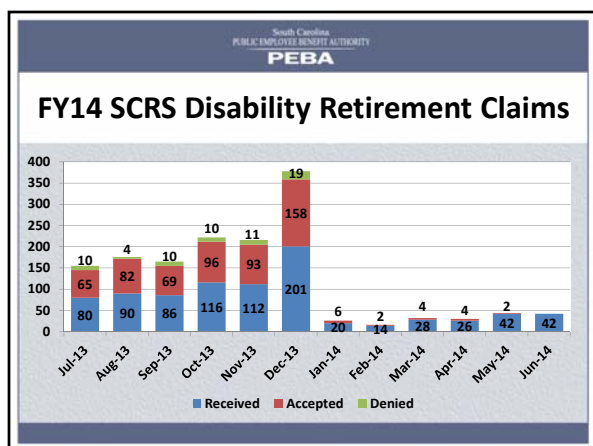
PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

SCRS Disability Retirement Application*

- Employers are only required to submit:
- The *Application for Disability Retirement Benefits (SCRS)* ([Form 6151S](#)) within 90 days of a member's date of termination from covered employment; and
- The *Employer's Disability Employment Status Report* ([Form 6253](#)) prior to any service retirement date to PEBA.

*For applications received after December 31, 2013



South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

PORS Disability Retirement Benefit

- Eligibility**
 - Must have the earned service necessary for service retirement unless the disability is the result of an on-the-job injury
 - Must be permanently incapacitated from performing job duties
 - Decision by PORS Medical Board*

** For all medical reviews after May 13, 2014*

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

PORS Disability Retirement Benefit

- Benefit**
 - Based upon projection of service credit to age 55 or 25 years of service, whichever is less*
- Continuing Review**
 - May be scheduled for continuing disability reviews until age 55
 - Also subject to disability retiree earnings limitation

**For applications received after December 31, 2013*

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

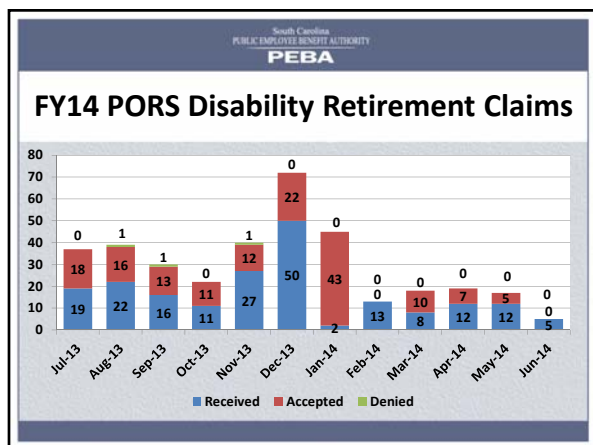
PORS Disability Retirement Application

- Forms to Be Completed by the Member:**
 - [Form 6151P](#) Application for Disability Retirement Benefits (PORS)
 - [Form 6251](#) Member's Disability Report
 - [Form 6255](#) Authorization For Release of Information
 - [Form 7202](#) Withholding Certificate for Monthly Benefit Payments
 - [Form 7204](#) Direct Deposit Authorization
 - [Form 6352](#) Retiring Member's Disability Application Checklist

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

PORS Disability Retirement Application

- Forms to Be Completed by the Employer:
 - [Form 6201](#) Employer Certification of the Last Day Paid
 - [Form 6253](#) Employer Disability Employment Status Report
 - [Form 6254](#) Employer's Description of Disability Applicant's Job
 - [Form 6352](#) Retiring Member's Disability Application Checklist



South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Disability Retirement Update

Questions

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

EES User Options

- Change your password
- Create or change your user name
- Change your contact information
- EES assistance – important PEBA contact information
- Subscribe to the RSS feed
- Watch a training video on how to complete Final Payroll Certifications
- Find forms and publications

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

EES Task List

Submit required documentation for retiring members and members requesting a refund of their contributions

Member Account Services

- Final Payroll Certification
- Teacher and Employee Retention Incentive (TERI) Termination Certification
- Contact your AFC Analyst for assistance

Claims

- Retirement Date Certification
- Active/Inactive Member Refunds
- State Optional Retirement Program (State ORP) Termination
- Contact Call Center for assistance

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

EES – Employer Contact Information

Add, update and maintain your contact information

- Periodically update your contact information
- The Primary Contact for each department receives all written correspondence
- The Authorizing Contact is maintained by PEBA via Form 6504

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

EES – Member Profile and Benefit Estimates

- View the profile, service matrix, and account masters of employees enrolled with your employer code
- View retirees’ dates of retirement and system under which they retired
- Run benefit estimates for employees

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

EES – Employer Reporting and Error List

- Create monthly and quarterly deposit forms
- Submit quarterly payroll information
- Review due dates of required items and current statuses
- Review error transactions that need immediate resolution

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

EES – Other Features

- Submit required retiree return-to-work dates for working retirees
- Upload furlough supplemental service reports
- Download retirement data for your agency
- Create Installment Service Purchase remittance forms

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Working Retirees

- In order to retire and receive a retirement benefit, a retiree must have a complete, bona fide severance or termination of employment
- After 30 days of retirement, a retiree can be rehired
- Hire dates must be submitted on EES for working retirees
- If a retiree is younger than 62 (SCRS) or 57 (PORS) and returns to work, he is subject to a \$10,000 earnings limitation (some exemptions apply)

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Class Three Members

2012 legislation created Class Three membership

- Initial membership after June 30, 2012
- New retirement eligibility requirements
- New average final compensation calculation
- No service credit for any unused sick leave at retirement
- Pay for unused annual leave at termination is not subject to retirement contributions
- Not eligible for the TERI program

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

FY 2015 Contribution Rates

	SCRS	PORS	STATE ORP*
Employer Base Rate	10.75%	13.01%	5.75%
Incidental Death	0.15%	0.20%	0.15%
Accidental Death	N/A	0.20%	N/A
Insurance Surcharge	5.00%	5.00%	5.00%
Total Employer	15.90%	18.41%	10.90%
Employee	8.00%	8.41%	8.00%

*An additional 5 percent is paid by the employer directly to the State ORP vendor.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Contribution Rate Changes

- Employer contributions are applied on a PAID basis
- Employee contributions are applied on an EARNED basis
- Due to possible payroll lag, when an employee contribution rate change occurs, the September quarterly report will allow an employee contribution variance between the old fiscal year rate and the new fiscal year rate
- Effective October 1, the new fiscal year rate for employee contributions is required

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Update Your Payroll

Has your payroll been updated to reflect the new contribution rates for FY 2015?

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Online Enrollment

- Online enrollment via EES is currently in the testing phase
- Remember employees have 30 days from their hire date to make their elections
- It is imperative that employers key enrollments into EES in a timely manner
- Delinquency of the employer may result in automatic defaults for employees

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Member Account Services' Booth

- Stop by and meet our Reporting and AFC analysts and get answers to your questions
- Pick up important reminders and information to take back to the office

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Member Account Services

Questions

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

GASB Pension Standards

An Educational Overview of GASB 67 and 68 for Employers Participating in the South Carolina Retirement Systems

Ashley Brindle

2014 Benefits at Work Conference

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Governmental Accounting Standards Board

"New" GASB Pension Accounting Standards

- GASB 67, *Financial Reporting for Pension Plans*
 - ✓ Replaces GASB 25 and 50
 - ✓ Affects reporting by PEBA
 - ✓ Effective for fiscal periods beginning after 6/15/2013
- GASB 68, *Accounting and Financial Reporting for Pensions*
 - ✓ Replaces GASB 27 and 50
 - ✓ Affects reporting by participating employers
 - ✓ Effective for fiscal periods beginning after 6/15/2014

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

What Will the New Standards Change?

- Change the way public pension plans, and the employers that participate in the plans, calculate and report the costs and obligations of the plans.
- Completely disconnect the accounting for and reporting of pensions from the funding of pensions.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

What Will the New Standards NOT Change?

- The new standards do NOT change plan benefits.
 - ✓ A retiree receiving a \$1,000 monthly benefit under the current standards will continue to receive a \$1,000 monthly benefit under the new standards.
- The new standards do NOT change how contribution rates are determined.
 - ✓ Rates are either set in statute or calculated as part of the annual actuarial valuation and voted on by the PEBA Board and the Budget and Control Board.
- The new standards should NOT change the way employers establish their budgeted contributions.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

GASB 67 and 68 Apply to Pensions Only

- These new standards only impact accounting and financial reporting for pension plans and employers participating in the plans.
- Other Post-Employment Benefits (OPEB) liabilities remain separate, and reporting related to such is not impacted by GASB 67 and 68; however, exposure drafts were issued in June 2014 related to proposed changes to accounting and financial reporting for OPEB.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

What IS Required by the New Standards?

- Require the pension fund to use a different method of calculating its Net Pension Liability (NPL) – previously referred to as the Unfunded Liability.
- Require participating employers to recognize their proportionate share of the plans’ collective NPL in their financial statements as well as Pension Expense that will not coincide with actual contributions paid in accordance with the annual required contribution.
- Require additional financial statement disclosures for both pension plans and participating employers.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Intent of the New Standards

- According to GASB, the new standards are intended to:
 - Improve the way state and local governments report pension liabilities and expenses providing a more realistic representation of the complete impact of pension obligations.
 - Improve the decision-usefulness of the reported information and increase the transparency, consistency, and comparability of pension information across state and local governments.
- GASB believes pension benefits are part of an overall compensation package, and certain pension-related costs should be included in participating employers’ financial statements.

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

What Does this Mean for Participating Employers?

- Employers who issue financial statements in accordance with Generally Accepted Accounting Principles (GAAP) will have to record a liability for their proportionate share of the plans' collective NPL on the face of their Statement of Net Position.
- Employers will record Pension Expense based on their proportionate share of an actuarially calculated Pension Expense in their Statement of Changes in Net Position.
 - Previously recorded contributions in accordance with the Annual Required Contributions (ARC).

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

What Does this Mean for Participating Employers?

- Employers will record Deferred Outflows/Inflows based on their proportionate share of actuarially calculated Deferrals. Employers reporting on a different fiscal cycle will also report Deferred Outflows for contributions made after the measurement date but before their fiscal year end.
- SCRS and PORS are cost-sharing multiple employer defined benefit pension plans, so the NPL, Pension Expense, and Deferred Outflows/Inflows will be proportionately allocated among participating employers based on the employer's contribution effort relative to all employer contributions.

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

What Does this Mean for Participating Employers?

- Employers should be prepared to explain the liability to governing boards, stakeholders, and taxpayers.
- Employers will need to work with PEBA staff to ensure they have the information needed to prepare their financial statements.
- Although PEBA is planning for its external auditor to express a separate opinion on the new schedules that will be provided to participating employers, and upon which their audit firms should be able to rely, employers may be impacted by increased audit costs due to the complexity of the new requirements and the additional information that must be reported in their financial statements.

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Net Pension Liability

Total Pension Liability

(Plan Fiduciary Net Position*)

Net Pension Liability

* The market value of plan assets as of the measurement date.

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Proportionate Share Calculation

	Employer Contributions	Calculation	Proportionate Share
Employer A	37,750,000	= 37,750,000/945,000,000	3.99471%
Employer B	4,000,000	=4,000,000/945,000,000	0.42328%
Employer C	28,000	= 28,000/945,000,000	0.00296%
All Others	903,222,000	= 903,222,000/945,000,000	95.57905%
Total	\$ 945,000,000		100%

South Carolina

PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Net Pension Liability Calculation

Total Pension Liability (TPL)	40,659,411,279	
Plan Fiduciary Net Position (FNP)	(22,791,322,000)	
Net Pension Liability (NPL)	\$ 17,868,089,279	
	Proportionate Share	NPL for Financial Statements
Employer A	3.99471%	713,778,170
Employer B	0.42328%	75,632,124
Employer C	0.00296%	529,425
All Others	95.57905%	17,078,149,560
		\$ 17,868,089,279

18

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Measurement Date

- Must be no earlier than the end of the employer's prior fiscal year end, and once determined, must be consistently applied from period to period.
- Will always be based on the plans' fiscal year end, which is June 30.

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Measurement Date

Fiscal Year End	GASB Effective Date / Initial Report Date	Initial Measurement Date	Associated Valuation Date
January 31	January 31, 2016	June 30, 2015	July 1, 2014
February 28	February 28, 2016	June 30, 2015	July 1, 2014
March 31	March 31, 2016	June 30, 2015	July 1, 2014
April 30	April 30, 2016	June 30, 2015	July 1, 2014
May 31	May 31, 2016	June 30, 2015	July 1, 2014
June 30	June 30, 2015	June 30, 2014 or June 30, 2015	July 1, 2013 or July 1, 2014
July 31	July 31, 2015	June 30, 2015	July 1, 2014
August 31	August 31, 2015	June 30, 2015	July 1, 2014
September 30	September 30, 2015	June 30, 2015	July 1, 2014
October 31	October 31, 2015	June 30, 2015	July 1, 2014
November 30	November 30, 2015	June 30, 2015	July 1, 2014
December 31	December 31, 2015	June 30, 2015	July 1, 2014

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

What is PEBA Doing to Help?

- Working with its consulting actuary and external auditor to ensure it is prepared and has the facts and figures necessary to provide participating employers with accurate and timely information in response to the requirements.
- Providing educational and instructional information to participating employers and their auditors, public policy makers, members/retirees, and other stakeholders.

Sample Schedules

Sample Schedules

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

More Information Needed?

- Check out PEBA Retirement Benefits' GASB Resource Center at www.retirement.sc.gov/gasb/resourcecenter.htm
- Contact PEBA Staff with Questions
 - PensionGASB@peba.sc.gov

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

GASB Pension Standards

Questions

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Thank you!

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

Disclaimer

THE LANGUAGE USED IN THIS PRESENTATION DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND THE SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY. THE SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS PRESENTATION.

This presentation is meant to serve as a guide but does not constitute a binding representation of the South Carolina Public Employee Benefit Authority. Title 9 of the South Carolina Code of Laws contains a complete description of the retirement benefits, their terms and conditions, and governs all retirement benefits offered by the state. State statutes are subject to change by the General Assembly.

Employers covered by the South Carolina Public Employee Benefit Authority are not agents of the South Carolina Public Employee Benefit Authority.
